

SECRET

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SAPC-24575
Copy 3 of 5
24 February 1958

Dear Bob:

Reference is made to your letter of 14 February 1958 and my letter to all Suppliers of 5 June 1957 regarding shipments, receipts and payments of Project Equipment.

As you know, in the beginning payments were made upon shipment, however, sometime ago internal audit review raised questions concerning this procedure. Accordingly, at this time, all invoices for payment of delivered items are accompanied by the necessary documentation. SP-1917 should have acknowledged this problem. This simply means that although the DD-250's are conveyed to the Finance Officer approved for payment, that he is obliged to retain the invoice until proper documentation is received from the cognizant Depot. We believe this will prove to be the best procedure in the long run.

In view of the foregoing I would like to suggest that the following method be followed by all parties concerned:

Upon receipt of Production List or Purchase Request from authorized persons, Contractor immediately initiates fabrication and/or procurement of items required. Simultaneously, work preparation of Priced Exhibit is initiated. It is recognized that some or all items on a Production List may be delivered prior to approval and distribution of the Priced Exhibit. In these instances, shipment should be made as items become available. Such shipment would be accompanied by DD-250's or Shipping Tickets, priced or unpriced. Copies of these documents will be executed by the receiving organization and returned to you. Upon approval of Priced Exhibit, Contractor should submit invoices together with the documentation. It is not necessary that an invoice cover a complete exhibit, but may be partial in nature for those items delivered.

It is our opinion that, if the above procedure is followed, it will greatly reduce the administrative burden and subsequent reconciliation of contracts that presently confront us.

We would very much appreciate your concurrence and/or comments on the foregoing. As stated in my referenced letter of 5 June 1957, our Depots are presently following these procedures with all Suppliers.

Distribution:

Orig - [] LAC
2 - SP-1917 /
3 - Proj. Comp.
4 - [] FOG
5 - Proj. Chrono

PS/DCI: [] (24/2/58)

Very truly yours,

Dan

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